United States Court of Appeals

for the Second Circuit

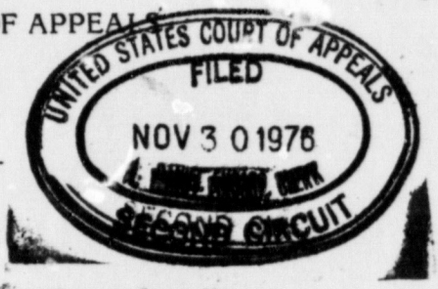
PETITION FOR REHEARING EN BANC

75-7152

Docket Nos. 75-7152, 75-7151

IN THE UNITED STATES COURT OF APPEALS

For The Second Circuit



MARION ROSETTE,

Plaintiff-Appellee-Cross-Appellant,

vs.

RAINBO RECORD MANUFACTURING CORPORATION and HAROLD E. MARKOWITZ and JACK BROWN, d/b/a RAINBO RECORD COMPANY, a partnership,

Defendants-Appellants-Cross-Appellees,

On Appeal from the United States District Court

for the Southern District of New York

DEFENDANTS-APPELLANTS PETITION FOR REHEARING IN BANC.

B P/S

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The defendant-appellants above named respectfully petition this Honorable Court for a rehearing of the appeal in the above-entitled cause and in support of this petition represent to the court as follows:

1. The fact of the extraordinary length of time that has passed since the submission of this matter combined with the brevity of the decision indicates that the court was awaiting the signing into law of the General Revision of Copyright Law, some three weeks prior to the filing of this decision. The only footnote, and in fact the only wording that is not a simple repetition of the facts, states:

> "While the decision in the instant case is not controlled by the recently enacted General Revision Of Copyright Law, Pub. L. No. 94-553, 90 Stat. 2541, approved by the President on October 19, 1976, we note that the issue here presented wll not arise in the future in view of the new statute's definition of "publication" to include "Distribution of copies of phonorecords of a work to the public....." To be codified as 17 U.S.C. Sec. 101 (supp VI, 1976).

Defendant-appellants must take issue with the allegation that "the issue here will not arise in the future". The new copyright law will first take effect on January 1, 1978 and will not be retroactive. Therefore, one can expect that the issue may indeed arise at any time up to December 31, 1980. The new copyright law at Chapter 2 (titled) Infringement Proceedings, Section 115 (b) provides that "no civil action shall be maintained under the provisions of this title unless the same is commenced within three years after the claim accrued."

Former District Judge Murray I. Gurfein, in page 1189 of his opinion utilizes the wording of the Universal Copyright Convention as a stepping-stone to his conclusion that the sale of records does not constitute a publication of the recorded work. Judge Gurfein states that there was a belief shared by the conference "that according to the United States Law the issuance of phonograph records does not amount to publication, and that an unpublished work remains unpublished...." Further, Judge Gurfein states that "three of the four American delegates to the Conference in 1952 who participated in the drafting of the Convention are said to have stated the view that the sale of records is not a publication of the musical work involved."

The fact that three delegates to the Conference in 1952 were under the erroneous presumption that the sale of records is not a publication of the musical work involved (see Shapiro, Bernstein & Co. v. Miracle Record Co., 91 F. Supp. 473 (N.D. Ill. Ed. 1950 which is explored in Defendant-Appellant's Brief and which held to the contrary two years previously) should in no manner justify the continuation of this error. This is further accented by other cases cited in the brief as well as the recognition of the fact that the new statute defines "publication" to include "distribution of copies of phonorecords of a work to the public." (See footnote indented on page 1 hereof).

Defendant-appellant respectfully submits to the Court that distribution of copies of phonorecords of a work to the public is a divestment of common law rights by publication, and this has been the prevailing view of our courts for the past many years, and the inclusion of this in the new statute's definition of "publication" is a recognition of that prevailing view. The court has erred in its determination on this point.

Exception is also taken to the statement contained in said footnote that "the issue here presented will not arise in the future" in that the reader can interpret that phrase to mean that the Court does not wish to take the trouble to deal with and reverse this patently erroneous decision. Will the defendant-appellant be denied justice now simply because "the issue here presented will not arise in the future.

When publication occurs, the author is divested of the plenary common law rights reserved to him in section 2 of the Copyright Act. Must the scope of section 2 be limited, in view of the doctrine of federal preemption, by the statutory scheme provided for and applicable to phonograph records embodying unpublished musical compositions registered under section 12.

NIMMER ON COPYRIGHT, a Treatise on the Law of Literary, Musical and Artistic Property, and the Protection of Ideas by Melville B. Nimmer, Professor of Law, University of California, Los Angeles, is recognized as the leading authority in the copyright field. Following are reproductions of pages, as amended to 1976, published by Matthew Bender, which pages are directly in reference to the case at bar. Defendant-appellant adopts Professor Nimmer's statements.

~~work bearing a proper copyright notice,[71] or by depositing an unpublished manuscript[71a] of the work in the Copyright Office.[72]~~

In *Rosatte v. Rainbo Record Mfg. Corp.*[72a] Judge Gurfein, expressing disagreement with what may be regarded as the prevailing view, held that "the sale of phonograph records is not a divestment of common law rights by publication."[72b] He nevertheless concluded that once sale of records occurs, thereafter common law rights may not be asserted against unauthorized recordings, but that upon the obtaining of a statutory copyright, and the filing of a notice of use,[72c] unauthorized phonograph records might then be the subject of legal action under a statutory copyright theory. Under Judge Gurfein's creative solution it is reasoned that although sound recordings do not constitute copies of the composition recorded

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[71] 17 U.S.C. Sec. 10.

[71a] Such deposit however may be made only as to certain specified types of works. See § 93.1 *infra*.

[72] It is arguable that a statutory copyright in an unpublished musical composition does not confer upon the copyright owner an exclusive right to control recordings of the work, or even a right to royalties under the compulsory license provision (see § 108.4 *infra*). This for the reason that the right to record under Sec. 1(e) of the Copyright Act includes "only compositions *published* and copyrighted after July 1, 1909 . . ." (emphasis added). However, properly construed the word "published" in this context should probably be found to mean "published or registered". See Marx v. United States, 96 F.2d 204 (9th Cir. 1938).

[72a] 354 F. Supp. 1183 (S.D.N.Y. 1973).

[72b] The court in part based this conclusion upon what may be regarded as the destruction of a straw man. "The question," stated the court, "is whether the mechanical reproduction on a phonograph record of an otherwise *unpublished* composition itself constitutes publication so as to divest the author of common law rights." (*Id.* at p. 1188). The court had no difficulty in concluding that a recording is only a frozen performance, and that just as a live performance does not constitute a publication (see § 53.1 *infra*), this conclusion is not altered because the performance is recorded and not ephemeral. But the court posed the wrong question. The question is not whether "mechanical reproduction on a phonograph record" constitutes a publication, but rather whether the subsequent public sale of such records constitutes a publication. Here the analogy to live performances breaks down. Still, Judge Gurfein did briefly address himself to this latter question, and held that by reason of the *White-Smith* doctrine "the sale of phonograph records is not a . . . publication."

[72c] See § 106.41 *infra*.

so as to render the sale of such recordings a divestive publication of the composition, still to accord full common law copyright to the composition after the sale of records thereof would be to accord greater rights under common law copyright than would be available under the statutory scheme if copyright in the musical composition were first obtained as an unpublished work under Sec. 12. In the latter circumstance unauthorized recordings would be free of liability unless and until the copyright owner had first filed a notice of use, and then the rights acquired would be subject to a compulsory license.[72d] The *Rosette* court thus concluded that "the impediments to the free exercise of the *statutory* copyright [must] be held to limit the exploitation of the common law copyright to the same degree . . . in order to avoid "a constitutional problem. . ."[72e]

Even if one accepts Judge Gurfein's conclusion that sale of records does not constitute a publication of the recorded work[72f] there is a further difficulty with his second conclusion that the common law copyright in a recorded work may not be asserted as against persons who engage in unauthorized recordings. How can this conclusion be reconciled with the explicit language of Sec. 2 of the Copyright Act which provides that "nothing in this title shall be construed to . . . limit" common law copyright in an unpublished work? Does not Judge Gurfein's "gloss" which he finds to be implicit in "the special statutory scheme involving phonograph records" constitute precisely such a limitation?[72g]

[72d] See § 108.4 *infra*. The statutory rights under the compulsory license may only be asserted as against records manufactured after the filing of the notice of use. See § 108.41 *infra*.

[72e] The "constitutional problem" is apparently the application of the Supremacy Clause (U.S.Const., Art. VI, Sec. 2), since the Rosette court concludes "that it is unlikely that the Congress intended' 'that common law rights should exceed those of statutory copyright owners when a recording of a composition has been made and sold. For another application of this principle see § 1.2, note 7.26–1 *supra*.

[72f] See §§ 50.3 and 59 *infra* for arguments against this conclusion.

[72g] The *Rosette* opinion is a creative attempt to deal with the problem of industry practice (see § 50.5 *infra*) in such a manner as to save a great number of musical compositions from the public domain. For an alternative approach applicable to records made after the effective date of the Sound Recording amendment see § 50.6 *infra*.

2. This court's decision did not address itself to Point I of Defendant-Appellant's Brief, namely that the trial judge abused his discretion in denying the defendant's motion to amend the answer. Therefore argument to that point is unavailable to your petitioner. However, had this court considered the fact that the amendments, if allowed, would have gone to the very heart of, and would have served as a complete defense to plaintiff's claim of infringement. Reference is made to page "11" of the brief where a chain of title to the ownership of these musical compositions is shown running from plaintiff to Whitehall Mercantile Company to Aaron Eichler to Sidney Taback who (it is claimed) contracted with Rainbo to press the records which are the subject of this suit. Surely this is of such an important material nature that evidence of same would have resulted in defendant being found not liable to plaintiff

For the foregoing reasons, this petition for rehearing should be granted.

Respectfully Submitted
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Of Counsel:
MILTON I. ROTHMAN

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

MILTON I. ROTHMAN, an attorney at law, affirms under the penalty of perjury that on the 26th day of November 1976, I placed an envelope, properly stamped and addressed and containing a copy of Defendant-Appellant's Petition for Rehearing In Banc in a United States Post Office depository, to the law firm representing Plaintiff-Appellee, Zissu, Stein, Couture & Mosher at 270 Madison Avenue, New York, N.Y. 10016.